

Message Text

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70

ACTION NEA-12

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FM AMEMBASSY DACCA

TO SECSTATE WASHDC 9254

INFO AMEMBASSY ISLAMABAD

C O N F I D E N T I A L DACCA 1414

E. O. 11652: GDS

TAGS: EFIN PK BG

SUBJ: BANGLADESH/ PAKISTAN DEBT

SUMMARY: PRE- CONFERENCE MEETING OF PAKISTAN CONSORTIUM REVIEWED CARGILL CONTACTS WITH BDG OFFICIALS AND DICUSSED CONSORTIUM POSITION FOR WEEKEND CONFERENCE. CARGILL EMPHASIZED THAT BDG SURPRISED AT URGENCY OF PROBLEM AND UNPREPARED TO RESPOND QUICKLY. CREDITORS AGREED TO MAKE PASSIVE REFERENCE TO DEBT IN OPEN MEETING AND TALK MORE DIRECTLY IN LATER INFORMAL MEETING TO BDG COMMITTEE FORMED TO ADVISE PM ON DEBT QUESTION. AT SATURDAY OPENING SESSION VIRTUALLY ALL PAKISTAN CONSORTIUM CREDITORS MADE REFERENCE TO DEBT.

1. PRE- CONFERENCE MEETING OF PAKISTAN CONSORTIUM CREDITORS HELD EVENING MARCH 30 TO HEAR REPORT OF CARGILL ON DISCUSSIONS WITH BDG OFFICIALS AND DISCUSS TACTICS FOR THE WEEKEND BANGLADESH AID CONFERENCE.

2. CARGILL IN DISCUSSION WITH COMMITTEE PRESENTED CREDITORS VIEW OF DEBT PROBLEM.

A) HE STRESEAD THAT THE DEBT QUESTION IS A UNIQUE ASPECT OF BD/ PAKISTAN PROBLEM AS IT ONLY PROBLEM INVOLVING OUTSIDERS, SPECIFICALLY THOSE COUNTRIES MOST GENEROUS TO BD SINCE INDEPENDENCE.

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B) DISCUSSION OF LEGAL ASPECTS INCLUDED CARGILL STATEMENT THAT LONG- RUN RELATIONSHIP WITH DONORS WILL BE STRAINED AND THEIR MEANS CONTINUE AID INHIBITED BY LEGAL OR ADMINISTRATIVE CERMINE AREAS OF BRAZILIAN FLEXIBILITY, TO ENSURE THAT THE GOB HAS FULL APPRECIATION OF US INTERESTS IN THOSE AREAS, AND TO SEEK FURTHER INFORMATION ABOUT THE POSSIBILITY OF EVENTUAL COOPERATION." RECOMMENDATION 2 REMAINS.

5. REASONS FOR RECOMMENDATION. ADD AS NO. 6, " DISCUSSIONS OF THE TYPE ENVISAGED ARE A LOGICAL FOLLOW ON TO THE US TACTICAL POLICY OF CREATING A SENSE OF ISOLATION AND THEN CAPITALIZING ON IT TO ACHIEVE US LOS OBJECTIVES, AND, SINCE THEY INVOLVED NO QUID PRO QUO BUT RATHER AN EXPLANATION OF US INTERESTS, WOULD NOT JEOPARDIZE CURRENT U. S. SUBSTANTIVE OR TACTICAL POSITIONS ON LOS.

6. ALTERNATIVES

REVISE ALTERNATIVE 1 TO READ: " WE COULD DO NOTHING ON THE ASSUMPTION THAT IT IS HIGHLY LIKELY THAT THE BRAZILIAN POSITION IN ANY CASE WILL BE MODIFIED AT THE 1974 SANTIAGO CONFERENCE IN DIRECT PROPORTION TO ITS SENSE OF ISOLATION. THIS WAS REJECTED BY THE CT ON THE BASIS THAT THE POLICY OF ISOLATION HAS ACHIEVED ITS MAXIMUM SUBSTANTIVE EFFECT AND WE SHOULD NOT LOSE THE OPPORTUNITY THAT NOW EXISTS TO CONVINCE BRAZIL OF OUR MUTUAL INTEREST IN A PROPERLY FORMULATED SECURITY PROVISION REGARDING FREE NAVIGATION, AND TO SEEK BRAZILIAN SUPPORT IN SANTIAGO FOR SUCH A POSITION.

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7. WE WOULD PREFER TO LEAVE OUT ALTERNATIVE 2 SINCE, AS THE CT INDICATES, IT IS ONLY A POSSIBILITY AND ONE THAT WOULD MEAN A CHANGE IN CURRENT US POLICY OF NOT GETTING INVOLVED IN THE POLITICS AMONG AND BETWEEN THE MEMBERS OF THE MONTEVIDEO AND SANTO DOMINGO GROUPS. IF TE CT BELIEVES THE ISSUE ANALYSIS SHOULD INCLUDE SOME REFERENCE TO THE " NATIONAL SEA" CONCEPT, IT MIGHT CONSIDER ADDING IT TO THE IMPORTANT ASSUMPTIONS, ALONG THE FOLLOWING LINES: " THE ' NATIONAL SEA' CONCEPT HAS BEEN DEvised BY BRAZIL AS A MEANS OF SUBMERGING THE DIFFERENCE BETWEEN THE ' TERRITORIAL SEA' AND THE ' PATRIMONIAL SEA' IN THE HOPE OF CONTRIBUTING TO THE FORMATION OF A

UNITED LATIN FRONT WITHOUT SACRIFICING THE BRAZILIAN
POSITION, THUS RELIEVING THE GROWING SENSE OF
ISOLATION AND MAINTAINING BARGAINING POWER." RUSH

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